



Office of City Auditor Memorandum

Date: April 18, 2002
To: Councilmember Nick Licata
From: Susan Cohen, City Auditor *SC*
Subject: Review of Seattle City Light Employees' Alleged Misuse of Executive Leave

In January 2002, KIRO Eyewitness News aired an investigative report on two activities attended by Seattle City Light employees. The first activity was a December 13, 2001 Whirlyball function, and the second was a July 17, 2001 Mariner's game. The Seattle City Light Director of Power Stations organized both functions for employees who either reported directly to her or worked with her team during 2001.

In response to the broadcast, you asked my office to: 1) conduct a full-scale review of the City's practices for managing and ensuring the accountability of salaried employees; and 2) determine whether any timecard fraud occurred related to the events investigated by KIRO Eyewitness News. We initiated a full-scale review of the Citywide practices for managing salaried employees in February 2002, and anticipate publishing a formal report by the end of summer. This memorandum focuses on our review of the potential timecard fraud issues.

CONCLUSION AND ANALYSIS

Based upon our review of current City leave policies and an in-depth examination of the Seattle City Light employees' timecards for December 13 and July 17, we do not believe that the employees' use of City work time or timecard practices could be construed as fraudulent. Audit staff interviewed the Seattle City Light Deputy Distribution Branch Superintendent, Director of Power Stations, and verified timekeeping policies and practices with a City Light Human Resources Division Payroll Supervisor. In addition, audit staff examined the timecards for all employees who attended the two events. We did not find any evidence of fraud during our review, and concluded that the City Light employees acted within the parameters of established City policies in their use of work time and timekeeping practices.

Whirlyball Teambuilding Event

We confirmed that the Director of Power Stations organized the December 13, 2001, Whirlyball event as both a teambuilding and recognition activity for select City Light employees (the Power Stations Division Leadership Team). Because the Seattle City Light management organized and approved the Whirlyball event as a work-related activity, the Power Stations Division employees were not expected to use accrued leave to participate in the event. Other City Light employees, who attended the Whirlyball event at their own discretion, appropriately recorded leave time taken on timecards consistent with their job status.

Mariners Game

We determined that the Director of Power Stations did not organize the July 2001 Mariners event as a teambuilding or other department-sponsored activity. Each City Light employee attended the Mariners event at his or her discretion and appropriately used leave time consistent with job status.

Understanding the legal distinction between salaried and hourly employees was crucial in developing our conclusions on City Light's timecard practices. Salaried employees are not eligible for either overtime or compensatory time available to hourly employees, yet are expected to fulfill their professional responsibilities regardless of the actual time it takes to perform assigned tasks. Consequently, City policy allows salaried employees discretion in structuring their workday and allows employees to take occasional leave from the office for four hours or less without recording leave on their timecards.¹

POLICY CONSIDERATIONS

During our review of the City Light timecard issue, we identified two policy matters that the Mayor and City Council may want to clarify. First, salaried employees are not required to maintain timecards for payroll purposes that reflect the actual hours worked, because these employees are paid to complete an assignment regardless of the hours required. However, City departments could institute project tracking or timekeeping systems that reflect salaried employees' actual work hours for management and cost accounting purposes. The project tracking systems would ensure that the City is receiving full value from its investment in human resources.

Second, although the City Light employees acted within the parameters of City policy, neither the Seattle Municipal Code nor the Personnel Guidelines address teambuilding activities. As a direct result of the media attention focused on the December 13 Whirlyball activity, the Deputy Superintendent sent an email to the Power Stations Director advising her to consider the "appearance standard" in planning future teambuilding and recognition activities.² The development of formal, Citywide guidelines would ensure that only appropriate employee teambuilding and recognition activities are sanctioned during work hours.

RECOMMENDATIONS

We recommend that the Mayor and City Council consider developing formal project tracking systems for salaried employees. In addition, we recommend that the Mayor and City Council consider clarifying the types of employee teambuilding activities that are appropriate for City departments during work hours.

Upon completion of our study on the Citywide Management of Salaried Employees, we may develop further recommendations for the Mayor and Council's consideration relating to accountability systems for salaried employees. We expect to release the management of salaried employees report this summer.

If you have any questions or comments, please feel free to send an email or contact me at 233-1093.

SC:tlb

Attachment: Seattle City Light Leave Matrix

cc: Mayor Greg Nickels
City Councilmembers
Gary Zarker, Seattle City Light Superintendent
Jesse Krail, Deputy Superintendent, Distribution Branch
Pam Smith-Graham, Director, Power Stations

¹ "Leave" as used in this memorandum refers to sick leave, vacation, floating holidays, and executive and merit leave. SMC 4.20.320(B)(2) states that eligible employees are not required to use accrued leave "to cover occasional absences of less than four (4) hours during any one (1) workday."

² Seattle Municipal Code Chapter 4.16 prohibits any transaction that is, or would to a reasonable person appear to be, in conflict with or incompatible with the proper discharge of official duties.